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INTRODUCTION

The Branch County Prosecuting Attorney (PA) had a contract with the Michigan Family Independence Agency (FIA) to establish paternity and to obtain support orders for all cases where the Branch County PA had jurisdiction. The Branch County PA billed the FIA monthly under the actual cost reimbursement billing method. The FIA reimbursed Branch County PA for their costs based on the Federal IV-D Program regulations.

SCOPE

We performed an audit of the costs submitted for reimbursement by the Branch County PA for the period January 1 through December 31, 1997. Our audit was conducted in accordance with Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors. We performed the audit tests that we determined were necessary to determine if costs charged were proper, accurate, documented, and charged in accordance with the terms of the contract.

EXECUTIVE SUMMARY

We found that the Branch County PA overbilled the FIA for some items. The State share of the amount overbilled is \$1,276. (See Schedule A.) We also found that revenue did not offset certain costs contained in the County's indirect cost plan.

Our report recommends the Family Independence Services Administration initiate the process to recoup \$1,276 from the Branch County PA. Our report also recommends a review of the 1997 Branch County indirect cost plan to assure that revenue is offset against the costs.

PA RESPONSE

The Branch County PA did not respond to our draft report.

FINDINGS

Witness Fees

1. The Branch County PA overbilled the FIA \$420 for witness fees billed for November 1997. Witness fees, unless directly connected with an IV-D case, are unallowable. The budget documentation worksheet submitted by the Branch County PA listed witness fees under unallowable costs. (See Schedule A.)

Extradition Expenses

2. The Branch County PA overbilled the FIA \$648 for extradition expenses. Extradition expenses, unless directly connected with an IV-D case, are unallowable. The budget documentation worksheet submitted by the Branch County PA listed extradition expenses under unallowable costs. The Branch County PA billed the entire balance of its extradition expenses except for the amount for September 1997. (See Schedule A.)

Computer Expenses

3. The Branch County PA overbilled the FIA \$309 for computer maintenance done by National Tech Team. Computer expenses other than supplies are unallowable pursuant to Agreement #ADMIN 88-041 between the FIA and the Prosecuting Attorneys Association of Michigan. (See Schedule A.)

Postage Billed in Central Services not Offset by Revenue

4. The Branch County PA overbilled the FIA \$412 for its share of the postage costs contained in the Branch County indirect cost plan. Branch County received postage revenue but did not offset it against the postage costs included in the indirect cost plan. The Federal Office Of Management and Budget Circular No. A-87 (A-87), Attachment A, C.3 requires cost to be net of applicable credits. (See Schedule A.)

Indirect Cost Plan

5. The Branch County 1997 indirect cost plan (used to bill 1999) contains costs, which could result in the overbilling of Central Services costs in 1999. The questioned costs are described below:

The Branch County PA indirect cost plan contains costs for fringe benefits, postage, and audit. Branch County received reimbursements and refunds of fringe benefits, postage, and audit. The revenue amounts listed above did not appear to be offset against the costs. A-87, Attachment A, C.3 requires costs to be net of applicable credits. (See also Finding No. 4 above.)

WE RECOMMEND the Family Independence Services Administration initiate the process to recoup \$1,276 from the Branch County PA.

WE ALSO RECOMMEND the Family Independence Services Administration review the 1997 Branch County indirect cost plan to assure that revenue is offset against the costs.

Finding #	Line Item	Year	(Over)/Under Billed Gross Amount	IV-D %	(Over)/Under Billed IV-D Amount	State %	Due (State) County
1	Other Direct	1997	\$ (1,401)	29.95%	\$ (420)		
2	Other Direct	1997	\$ (2,162)	29.95%	\$ (648)		
3	Other Direct	1997	\$ (1,033)	29.95%	\$ (309)		
4	Central Services	1997	\$ (1,375)	29.95%	\$ (412)		
Grand Total of the IV-D Audit Adjustments					\$ (1,788)		
Calculation of the Payment Due the (State) County							
Audited IV-D Amount					97,402		
IV-D Amount Used for the Payments Actually Made					(99,190)		
IV-D Audit Adjustment Due (State) County					(1,788)	71.33%	(1,276)